

Message Text

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ACTION EUR-25

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E.O. 11652: GDS: 12-31-79

TAGS: MCAP, NATO

SUBJECT: BURDENSHARING

SUMMARY. ASST SYG HUMPHREYS HAS FURNISHED US ADVANCE COPY OF SYG ACTION DOCUMENT ON BURDENSHARING QUOTED BELOW. MISSION BELIEVES DOCUMENT USEFUL EXCEPT FOR PARA 6 WHICH MAY INSPIRE EUROPEAN NATIONS TO BACK OFF STILL MORE FROM BURDENSHARING IN VIEW OF TODAY'S ANNOUNCEMENT OF IMPROVEMENT OF US BOP. ACTION REQUESTED: DEPARTMENT GUIDANCE AS TO ACCEPTABILITY OF DOCUMENT.

END SUMMARY

BEGIN TEXT:

FINANCIAL PROBLEMS ARISING FROM THE STATIONING OF UNITED STATES FORCES IN EUROPE

THE DECISIONS WHICH I HAVE RECORDED AS BEING TAKEN BY THE DEFENCE MINISTERS ON THIS SUBJECT ARE SET OUT AT PARAGRAPH 9 OF DPC/D(73)35.

2. IN THEIR COMMUNIQUE OF 7TH DECEMBER , (ENDORSED BY THE CONFIDENTIAL

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FOURTEEN FOREIGN MINISTERS IN THEIR COMMUNIQUE OF 11TH DECEMBER) MINISTERS OF DEFENCE HAVE:

(A) UNDERTAKEN TO STUDY ON A POSITIVE BASIS A NUMBER

OF MEASURES FOR RELIEVING THE PROBLEM OF THE UNITED STATES IN THIS FIELD (I.E. THE 'OPTIONS' SET OUT IN THE STUDY GROUP REPORT (1));

(B) RECOGNISED THE IMPORTANCE IN THIS CONTEXT OF THE BILATERAL NEGOTIATIONS NOW IN PROGRESS BETWEEN THE UNITED STATES AND THE FEDERAL REPUBLIC ABOUT ARRANGEMENTS FOR OFFSETTING BALANCE OF PAYMENTS DEFICITS ARISING FROM THE STATIONING OF UNITED STATES FORCES IN GERMANY;

(B) EMPHASISED THE NECESSITY FOR OTHER COUNTRIES OF THE ALLIANCE TO TAKE ACTIVE MEASURES TO THIS END;

(D) DECLARED THE INTENTION OF THEIR COUNTRIES TO PARTICIPATE IN MULTILATERAL AND BILATERAL MEASURES OF THIS KIND, AND DIRECTED THEIR STAFFS TO WORK ACTIVELY AND RAPIDLY TO THIS END.

(E) POINTED TO THE CONTRIBUTION WHICH WOULD BE MADE TO THE UNITED STATES BALANCE OF PAYMENTS PROBLEM BY PROSPECTIVE PURCHASES OF MILITARY EQUIPMENT IN THE UNITED STATES;

(1) C-M(73)93

(F) AGREED TO EXAMINE HOW THE SHARE OF THE UNITED STATES IN THE CIVIL AND MILITARY BUDGETS OF NATO AND IN THE INFRASTRUCTURE PROGRAMME MIGHT BE SUBSTANTIALLY REDUCED.

(G) NOTED THAT CONSIDERATION WAS BEING GIVEN TO WIDENING THE ELIGIBILITY OF PROJECTS FOR FUNDING UNDER THE COMMON INFRASTRUCTURE PROGRAMME.

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3. WE NOW NEED TO DECIDE HOW TO FOLLOW UP THESE DECISIONS AND PUBLIC UNDERTAKINGS WITH PARTICULAR REGARD TO THE OBLIGATION OF THE PRESIDENT TO REPORT PROGRESS IN THIS FIELD TO CONGRESS BY MID-FEBRUARY 1974. THE COUNCIL MAY WISH TO CONSIDER WHETHER WE SHOULD NOT PROCEED ON THE FOLLOWING LINES:-

(A) INSTRUCT THE MILITARY BUDGET COMMITTEE, THE CIVIL BUDGET COMMITTEE AND THE INFRASTRUCTURE COMMITTEE TO PROPOSE NEW COST-SHARING FORMULAE WHICH WOULD HAVE THE EFFECT OF REDUCING THE UNITED STATES SHARE IN CASH BY 30 PERCENT. THIS WOULD INVOLVE SUBSTANTIAL NEGOTIATION WHICH WOULD GO BEYOND THE HYPOTHETICAL CALCULATIONS PREVIOUSLY SUBMITTED TO THE COUNCIL (2).

THE COMMITTEES WOULD BE ASKED TO SUBMIT THEIR AGREED RECOMMENDATIONS BY 31ST JANUARY, 1974.

(B) INSTRUCT THE CENTRAL EUROPE PIPELINE POLICY COMMITTEE TO SUBMIT BY THE SAME DATE AGREED RECOMMENDATIONS FOR REDUCING THE UNITED STATES SHARE OF THE DEFICIT IN THE OPERATING COST OF THE CENTRAL EUROPE PIPELINE BY PERCENT;

(C) INVITE COUNTRIES TO INFORM THE COUNCIL AS SOON AS POSSIBLE OF THEIR FORECAST OF THE VALUE OF THEIR MILITARY PROCUREMENT PROGRAMME (IN DOLLARS) BETWEEN

..... AND WHETHER THE TRANSACTION IS ON A GOVERNMENT TO GOVERNMENT BASIS OR NOT. COUNTRIES SHOULD AT THE SAME TIME PROVIDE THE UNITED STATES DELEGATION WITH AN ITEMISED LIST OF DELIVERIES TO ENABLE THE UNITED

(1) C-M(73)

STATES AUTHORITIES TO VALIDATE THESE FORECASTS. THESE LISTS SHOULD DISTINGUISH CLEARLY BETWEEN PURCHASES MADE ON A GOVERNMENT-TO-GOVERNMENT, GOVERNMENT-TO-FIRM, OR ENTIRELY COMMERCIAL BASIS. THEY SHOULD ALSO IDENTIFY SEPARATELY PURCHASES OF MILITARY EQUIPMENT AS SUCH, AND WHAT AMBASSADOR RUMSFELD(1) HAS DESCRIBED AS "DEFENCE RELATED
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EQUIPMENT". THESE FORECASTS SHOULD ALSO BE MADE AVAIALABLE BY 31ST JANUARY.

(D) GIVE FURTHER CONSIDERATION TO THE OTHER OPTIONS
() SET OUT IN THE STUDY
GROUP REPORT.

(E) INVITE THE UNITED STATES AND GERMAN DELEGATIONS TO REPORT REGULARLY TO THE COUNCIL ON THE POSITION REACHED IN BILATERAL OFFSET ARRANGEMENTS.

(F

4. THE ABOVE MUST, OF COURSE, BE REGARDED AS INITIATED STEPS ONLY. WE SHALL NOT KNOW HOW FAR THE TOTAL OF THESE MEASURES COULD GO TO MEET THE REQUIREMENTS OF THE JACKSON-NUNN CLAUSE UNTIL WE KNOW HOW MUCH COULD BE CONTRIBUTED BY THE GERMAN OFFSET ARRANGEMENTS. INDEED WE DO NOT YET KNOW WITH PRECISION WHAT THESE REQUIREMENTS ARE. WE DO NOT YET HAVE AN AUTHORITATIVE, UP-TO-DATE ESTIMATE OF THE COSTS INCURRED BY THE UNITED STATES IN FISCAL YEAR 1974, AND AS AMBASSADOR RUMSFELD HAS MADE CLEAR IN HIS LETTER TO ME OF 6TH DECEMBER, THERE ARE STILL SOME PROBLEM OF DEFINITION AND EXCLUDION TO BE SETTLED.

WE MUST, OF COURSE, LOOK FIRST TO THE UNITED STATES AUTHORITIES
FOR ANSWERS TO THEIR QUESTIONS.

5. IN HIS REMARKS ON 7TH DECEMBER, SECRETARY SCHLESINGER
ALSO MADE IT CLEAR THAT HIS GOVERNMENT ALSO ATTACHES IMPORTANCE
TO EUROPEAN FORCE IMPROVEMENTS IN THIS CONTEXT. ALTHOUGH SUCH
IMPROVEMENTS DO NOT DIRECTLY OFFSET THE BUDGETARY AND BALANCE
PERCENT OF PAYMENTS PROBLEMS OF THE UNITED STATES, THEY ARE
OBVIOUSLY AN IMPORTANT CONTRIBUTION TO 'BURDEN-SHARING' IN
THE WIDER SENSE.

(1) LETTER OF

I SUGGEST WE ASK THE INTERNATIONAL STAFF, IN CONSULTATION WITH
COUNTRIES CONCERNED TO DRAW UP A LIST OF THE MAJOR IMPROVEMENTS
ACHIEVED OR PLANNED IN THE FORCES OF THE EUROPEAN ALLIES OVER
THE PERIOD MID-73 TO MID-74

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6. FINALLY THE STUDY GROUP FOUND IT USEFUL TO CONSIDER
THE UNITED STATES BALANCE OF PAYMENTS DEFICIT ON MILITARY
ACCOUNT AGAINST THE WIDER BACKGROUND OF TRENDS IN THE UNITED
STATES OVERALL BALANCE OF PAYMENTS WITH DUREPE AND THE REST
OF THE WORLD. THIS HAS CHANGED SIGNIFICANTLY SINCE THE
REPORT WAS WRITTEN: I SUGGEST THEREFORE THAT WE INVITE THE
INTERNATIONAL STAFF TO BRING THIS PART OF THE REPORT UP-TO-DATE.

END TEXT
RUMSFELD

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<< END OF DOCUMENT >>

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